

M/s SANJAY VHANBATTE AND CO

Chartered Accountant

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CERTIFICATE ON KEY PERFORMANCE INDICATOR

To,
The Board of Directors,
Saraswati Saree Depot Limited,
Kolhapur

Dear Sir(s):

Proposed initial public offering of equity shares of ₹10 each (the "Equity Shares") of Saraswati Saree Depot Limited (the "Company" and such offering, the "Offer")

1. This report is issued in accordance with the terms of our agreement dated 01.06.2024.
2. In connection with the proposed offer of equity shares (the "Offer") of Saraswati Saree Depot Limited (the "Company/Issuer"), the Company is required to obtain a report from the [Statutory Auditors that holds a valid peer review certificate issued by the Peer Review Board of the ICAI], with regard to the Key Performance Indicators ("KPIs") as identified by the Company for the purposes of disclosure in the Red Herring Prospectus and Prospectus (the "Offer Document" /collectively, the "Offer Documents"), as required by Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended (the "ICDR Regulations").
3. The accompanying statement containing details of GAAP measures, Non-GAAP Financial measures and Non-Financial measures (part of financial reporting) as



described in the Technical Guide on Disclosure and Reporting of Key Performance Indicators (KPIs) in Offer Documents (herein, referred to as the "KPIs") identified by the Company as at and for the years ended March 31, 2024, March 31, 2023 and March 31, 2022 as per the requirement of the ICDR Regulations (the "Statement") is prepared by the Management of the Company, which we have initialed for identification purposes only.

Management's Responsibility for the Statement

4. The preparation of the accompanying Statement is the responsibility of the Management of the Company. This responsibility includes designing, implementing, and maintaining adequate internal controls that were operating effectively and testing of such controls for ensuring the accuracy and completeness of information relating to KPIs including such accounting records relevant to the preparation and presentation of the Statement, and applying an appropriate basis of preparation; and making estimates that are reasonable in the circumstances.
5. The Management is responsible for:
 - a. identification, definition, completeness, accuracy, relevance, appropriateness and sufficiency of the KPIs included in the Statement;
 - b. providing access to the accounting and other records to the reporting auditor including information and explanations required for reporting on the KPIs;
 - c. maintenance of the accounting and other records in relation to point (a) and (b) above; and
 - d. compliance with the ICDR Regulations, the Technical Guide on Disclosure and Reporting of Key Performance Indicators (KPIs) in Offer Documents and other regulatory requirements.

Auditor's Responsibility

6. Pursuant to the requirements of ICDR Regulations, it is our responsibility to obtain limited assurance and conclude as to whether (i) the financial details provided in the Statement are in agreement with the audited financial statements and Restated Financial Information as at and for the years ended March 31, 2024, March 31, 2023, and March 31, 2022 and the underlying



books of account maintained by the Company used for the purpose of preparation of the financial statements / Restated Financial Information and (ii) KPIs included in the Statement are mathematically accurate.

7. The audited financial statements referred to in paragraph [6] above, have been audited by us on which we issued a modified audit opinion vide our reports dated 03.07.2024, 20.06.2023 and 27.09.2022. Our audits of these financial statements were conducted in accordance with the Standards on Auditing specified under Section 143(10) of the Companies Act, 2013, as amended (the "Act"). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. Our audits were not planned and performed in connection with any transactions to identify matters that may be of potential interest to third parties.
8. The restated financial information referred to in paragraph [6] above, have been examined by us on which we issued our examination report dated 03.07.2024. Our examination of these restated financial information was conducted taking into consideration the Guidance Note on Reports in Company Prospectuses (Revised 2019) issued by the ICAI, concepts of test checks and materiality to obtain reasonable assurance based on verification of evidence supporting the restated financial information and the requirements of Section 26 of Part I of Chapter III of the Act and the ICDR Regulations. Our work was performed solely to assist you in meeting your responsibilities in relation to your compliance with the Act, the ICDR Regulations and the Technical Guide. Our work was not planned and performed in connection with any transactions to identify matters that may be of potential interest to third parties.
9. We conducted our examination of the Statement in accordance with the Technical Guide on Disclosure and Reporting of Key Performance Indicators (KPIs) in Offer Documents and Guidance Note on Reports or Certificates for Special Purposes (Revised 2016), which require that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.
10. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and



Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

11. A limited assurance engagement includes performing procedures to obtain sufficient appropriate evidence that vary in nature, timing and extent from a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed a reasonable assurance engagement. Accordingly, we have performed the following procedures in relation to the Statement:
 - a. Obtained list of KPIs from the management and compared the specific components of KPIs as mentioned in the Statement to source of KPIs as maintained by management which includes books of account, audited financial statements and restated financial information maintained by the Company as described in the paragraph [6] above;
 - b. Recomputed the mathematical accuracy of the KPIs included in the Statement; and
 - c. Conducted relevant management inquiries and obtained necessary representation.
12. We have no responsibility to update this report for events and circumstances occurring after the respective dates of the reports on the financial statements mentioned in paragraph [7] above.
13. We have no responsibility for identification, definition, completeness, relevance, appropriateness and sufficiency of the KPIs included in the Statement.
14. The procedures we have performed do not constitute an audit or review made in accordance with generally accepted auditing standards. Furthermore, they will not necessarily reveal matters of significance with respect to any material misstatement of the information related to KPIs of the Company.

Inherent Limitations

15. Our work and conclusion shall not in any way constitute advice or recommendations (and we accept no liability in relation to any advice or



recommendations) regarding any commercial decisions associated with the Offer, including, in particular, but without limitation, any which may be taken by the Company, the Bankers/ Book Running Lead Managers or the Syndicate Members in the capacity of investor or in providing investment advice to their clients or the Company.

16. We, however, state that this is not an assurance as to the future viability of the Company or whether the KPIs have been considered / have a bearing for arriving at the basis for Offer price. We further state that our reporting is based on the facts up to the date of the report and we neither give any guarantee nor any assurance that the KPIs reported will continue to perform and/or report in similar manner in future. It should be noted that the KPIs contained in the Statement may not be measures of operating performance or liquidity defined by generally accepted accounting principles. We make no comment about the Company's definition, methodology or presentation of the KPIs in the Statement or its usefulness for any purposes.
17. The KPIs included in the Statement should not be considered in isolation from, or as a substitute for, analysis of Company's historical financial performance, as reported and presented in the restated financial information of the Company included in the Offer Documents. These KPIs (other than GAAP measures) are not defined in Indian Accounting Standards (Ind AS)/Accounting Standards (AS) notified under section 133 of the Act, are not presented in accordance with Ind AS/AS and have limitations. These KPIs may differ from similarly titled information used by certain peer companies, who may calculate such information differently and hence their comparability with the measures used by the Company may be limited. Therefore, such KPIs should not be viewed as substitutes for measures of performance under Ind AS/AS or as indicators of Company's financial position, financial performance or its cash flows.

Conclusion

18. Based on the limited procedures performed by us, as above, and the information and explanations given to us, except as described below, nothing has come to our attention that causes us to believe that (i) the financial details provided in the Statement are not in agreement with the audited financial statements and



Restated Financial Information (as applicable) as at and for the years ended March 31, 2024, 2023 and 2022 and the underlying books of account maintained by the Company used for the purpose of preparation of the financial statements / Restated Financial Information and (ii) KPIs included in the Statement are not mathematically accurate.

Comments:

1. The company has not maintained stock records giving quantitative details of goods dealt in by it. However, it has maintained the quantitative details of stock of goods sold (Details are mentioned in the invoices). The operational KPIs "Average price per piece sold" and "Total pieces sold for the year" have been calculated by the company based on such quantitative details mentioned in the sale invoices.

Restriction on Use

19. This report is addressed to, and provided to, the Board of Directors of the Company for the limited purpose to comply with the requirements of ICDR Regulations and should not be used by any other person or for any other purpose. This report should not be relied upon by existing or prospective investors for their investment purposes and by the bankers/ book running lead managers involved in the Offer for their due diligence purposes. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this report is shown or into whose hands it may come.
20. The report is issued solely for the limited purpose to comply with Indian ICDR Regulations on KPIs. Our work has not been carried out in accordance with auditing or other standards and practices generally accepted in jurisdictions outside India (including in the United States of America), and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices. This report should not be relied upon by prospective investors outside India (including persons who are Qualified Institutional Buyers as defined under (i) Rule 144A or (ii) Regulation S under the United States Securities Act of 1933, as amended) participating in the Offering. We



accept no responsibility and deny any liability to any person who seeks to rely on this report and who may seek to make a claim in connection with any offering of securities on the basis that they had acted in reliance on such information under the protections afforded by United States of America law and regulation or any other laws other than laws of India.

FOR SANJAY VHANBATTE AND COMPANY

Chartered Accountants

FRN NO.112996W



CA. S. M. VHANBATTE

PROPREITOR

M.No.44808

Place: Kolhapur

Date: 05/08/2024

UDIN: 24044808BKEFYN8988

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Annexure A

The KPIs disclosed below have been used historically by our Company to understand and analyse the business performance, which in result, help us in analysing the growth of various verticals.

Our Company confirms that it shall continue to disclose all the KPIs included in this section on a periodic basis, at least once in a year (or any lesser period as determined by the Board of our Company), for a duration of one year after the date of listing of the Equity Shares on the Stock Exchange or till the complete utilisation of the proceeds of the Fresh Offer as per the disclosure made in the Objects of the Offer Section, whichever is later or for such other duration as may be required under the SEBI ICDR Regulations.

KPI	Explanations
Revenue from Operations (₹ million)	Revenue from Operations is used by our management to track the revenue profile of the business and in turn helps assess the overall financial performance of our Company and the size of our business.
Total Revenue	Total Revenue is used to track the total revenue generated by the business including other income.
Gross Profit (₹ million)	Gross Profit provides information regarding the profits from manufacturing of products by the Company.
Gross Margin (₹ million)	Gross Margin is an indicator of the profitability on sale of products manufactured by the Company.
EBITDA (₹ million)	EBITDA provides information regarding the operational efficiency of the business.
EBITDA Margin (%)	EBITDA Margin is an indicator of the operational profitability and financial performance of our business.
Profit After Tax (₹ million)	Profit after tax provides information regarding the overall profitability of the business.
PAT Margin	PAT Margin is an indicator of the overall profitability and financial performance of our business.
RoE (%)	RoE provides how efficiently our Company generates profits from shareholders' funds.
Debt To Equity Ratio	Debt-to-equity (D/E) ratio is used to evaluate a company's financial leverage.
Interest Coverage Ratio	The interest coverage ratio is a debt and profitability ratio used to determine how easily a company can pay interest on its outstanding debt.
Return on Capital Employed	ROCE provides how efficiently our Company generates earnings from the capital employed in the business.
Current Ratio	It tells management how business can maximize the



	current assets on its balance sheet to satisfy its current debt and other payables.
Net Capital Turnover Ratio	This metric enables us to track the how effectively company is utilizing its working capital to generate revenue.
Return on Net Worth	This metric enables us to track how much profit a company generates with the money that the equity shareholders have invested.
Net Sales per sq.ft. area in use	This metric enables us to track the amount of sales that the company is generating for every square foot of area that it uses for business.
Average price per piece sold	This metric enables us to track the average price of products sold, in order to understand the price points that the customer is mostly buying.
Average net sales per customer	This metric enables us to track the average net sales that the company generates per customer for the financial year.
Total pieces sold for the year	This metric enables us to track the total number of pieces sold in a year, which is a key metric to determine the sales performance for the year.

Financial KPI of our Company

Sr No	Metric	As of and for the Fiscal		
		2024	2023	2022
1	Revenue From operations (₹ in Millions)	6109.04	6018.91	5495.76
2	Total Income (₹ in Millions)	6125.80	6035.18	5503.08
3	Gross Profit (₹ in Millions)	768.10	710.07	525.30
4	Gross Margin (%)	12.54%	11.77%	9.55%
5	EBITDA (₹ in Millions)	411.41	340.53	208.46
6	EBITDA Margin (%) [(3) / (1)]	6.73%	5.66%	3.79%
7	Profit/(loss) after tax for the year/ period (₹ in Millions)	295.28	229.74	123.08
8	Net profit (PAT) Ratio/ Margin (%) [(5) / (1)]	4.83%	3.82%	2.24%
9	Return on Equity (ROE) (%)	58.88%	96.15%	196.81%
10	Debt To Equity Ratio	0.67	1.17	5.37
11	Interest Coverage Ratio	16.95	9.09	4.67
12	ROCE (%)	64.46%	98.03%	169.07%
13	Current Ratio	1.41	1.19	1.06
14	Net Capital Turnover Ratio	10.64	21.06	59.67
15	Return on Net Worth (%)	45.49%	64.93%	99.20%



Notes:

- a) Revenue from Operations means the Revenue from Operations as appearing in the Restated Financial Statements.
- b) Gross Profit is calculated as Total Revenue less Cost of Materials consumed, Purchase of Traded goods, Changes in inventories of finished goods Direct Expenses.
- c) Gross margin refers to gross profit as a % of total revenues earned during a financial year.
- d) Operating EBITDA refers to earnings before interest, taxes, depreciation, amortization, gain or loss from discontinued operations and exceptional items. Operating EBITDA excludes other income.
- e) Operating EBITDA Margin refers to EBITDA during a given period as a percentage of revenue from operations during that period.
- f) Net Profit Ratio/Margin quantifies our efficiency in generating profits from our revenue and is calculated by dividing our net profit after taxes by our revenue from operations.
- g) Return on equity (RoE) is equal to profit for the year divided by the average total equity and is expressed as a percentage.
- h) Debt to equity ratio is calculated by dividing the debt (i.e., borrowings (current and non-current) and current maturities of long-term borrowings) by total equity (which includes issued capital and all other equity reserves).
- i) RoCE (Return on Capital Employed) (%) is calculated as EBIT divided by capital employed. Capital employed is calculated as net worth and total debt including lease liabilities.
- j) Current Ratio is a liquidity ratio that measures our ability to pay short-term obligations (those which are due within one year) and is calculated by dividing the current assets by current liabilities.
- k) Net Capital Turnover Ratio quantifies our effectiveness in utilizing our working capital and is calculated by dividing our revenue from operations by our working capital (i.e., current assets less current liabilities).
- l) Return on Net Worth (RoNW) is a measure of profitability (expressed in percentage) and is defined as net profit after tax attributable to our equity shareholders divided by our Net Worth (total shareholders' equity) for the year. "Net Worth" is defined as the aggregate of share capital and other equity.



Operational KPIs for the Company

Sr No.	Metric	As of and for the Fiscal		
		2024	2023	2022
1	Net Sales per sq.ft. area in use	33,021.83	32,534.65	29,834.05
2	Average net sales per customer	4,63,508.28	3,96,033.03	3,79,856.23
3	Total pieces sold for the year	1,60,76,129	1,57,07,221	1,47,72,335

Note:

1. Net sales per square foot of area in use is calculated as the total square foot of area in use at the Company's units, divided by the net sales for the year (total sales less the total sales return for the year).
2. Average net sales per customer is calculated as the total net sales divided by the number of customers who purchased goods at least once in the financial year.
3. Total pieces sold for the year refers to the total quantity of products sold.



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